

LAKE MISSAUKEE AREA FIRE AUTHORITY

LAKE CITY, MICHIGAN

MARCH 31, 2008

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

MARCH 31, 2008

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January 14, 2009

INDEPENDENT AUDITORS' REPORT

To the Fire Board
Lake Missaukee Area Fire Authority
Missaukee County
Lake City, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lake Missaukee Area Fire Authority, Missaukee County, Lake City, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Fire Department's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Fire Department's Management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lake Missaukee Area Fire Authority, Missaukee County, Lake City, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through viii and budgetary comparison information on page 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake Missaukee Area Fire Authority, Missaukee County, Lake City, Michigan's basic financial statements. The individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

Lake Missaukee Area Fire Authority is a joint venture volunteer fire department supported by the City of Lake City and the Townships of Caldwell, Forest, Lake, Pioneer and Reeder. The Management's Discussion and Analysis is intended to be the Lake Missaukee Area Fire Authority board's discussion and analysis of the financial results for the fiscal year ended March 31, 2008.

Financial Highlights

- ◆ The assets of the Fire Department exceeded its liabilities at the close of the fiscal year by \$508,185. Of this amount, \$88,017 may be used to meet the Fire Department's ongoing obligations to citizens and creditors.
- ◆ At the end of the current fiscal year, unreserved fund balance for the General Fund was \$28,458 and the Improvement Revolving Fund had an end of year fund balance of \$59,559.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fire Department's basic financial statements. The Fire Department's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the Fire Department's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Fire Department's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Fire Department's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Fire Department is improving or deteriorating.

The *Statement of Activities* presents information showing how the Fire Department's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Fire Department that are principally supported by intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Fire Department include public safety. The fire department supports no business-type activities.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. All of the funds of the Fire Department are governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Fire Department’s financial position over time. The Net Assets of the Fire Department are \$508,185 at March 31, 2008, meaning the Fire Department’s assets were greater than its liabilities by this amount.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

Lake Missaukee Area Fire Authority
Net Assets as of March 31,

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets	\$ 91,713	\$ 95,486
Non Current Assets		
Capital Assets	1,442,362	1,432,616
Less: Accumulated Depreciation	<u>(990,236)</u>	<u>(936,615)</u>
Total Non Current Assets	<u>452,126</u>	<u>496,001</u>
Total Assets	<u><u>\$ 543,839</u></u>	<u><u>\$ 591,487</u></u>
Liabilities		
Current Liabilities	\$ 24,274	\$ 19,588
Non Current Liabilities	<u>11,380</u>	<u>41,247</u>
Total Liabilities	<u>35,654</u>	<u>60,835</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	420,168	435,166
Unrestricted	<u>88,017</u>	<u>95,486</u>
Total Net Assets	<u>508,185</u>	<u>530,652</u>
Total Liabilities and Net Assets	<u><u>\$ 543,839</u></u>	<u><u>\$ 591,487</u></u>

The most significant portions of the Fire Department's Net Assets are cash and investment in capital assets (e.g. land, buildings and equipment), less any related debt that is outstanding that the Fire Department used to acquire or construct the asset.

At the end of the current fiscal year, the Fire Department is able to report positive balance in net assets for the government as a whole.

The following table illustrates and summarizes the results of the changes in the net assets for the Fire Department. The condensed information was derived from the government-wide Statement of Activities.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

**Lake Missaukee Area Fire Authority
Change in Net Assets
for the Fiscal Year Ended March 31,**

	<u>2008</u>	<u>2007</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 21,400	\$ 56,950
Operating Grants and Contributions	108,841	101,931
General Revenues		
Interest Earnings	2,709	2,542
Other Revenues	<u>3,600</u>	<u>0</u>
Total Revenues	136,550	161,423
<u>Expenses</u>		
Public Safety	<u>159,017</u>	<u>139,961</u>
Change in Net Assets	(22,467)	21,462
<u>NET ASSETS</u> - Beginning of Year	<u>530,652</u>	<u>509,190</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$ 508,185</u></u>	<u><u>\$ 530,652</u></u>

Governmental Activities

During the fiscal year ended March 31, 2008, the Fire Department's net assets decreased by (\$22,467) in the governmental funds. GASB 34 now requires the Fire Department to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant part of the revenue for all governmental activities of Lake Missaukee Area Fire Authority comes from the City of Lake City and the Townships of Caldwell, Forest, Lake, Pioneer and Reeder. Each unit contributes an amount based on taxable value in each unit to support the Fire Authority. This revenue is shown as contributions from local units.

The Fire Department's governmental activities expenses are dominated by public safety expenses that total 100% of total expenses. The Fire Department spent \$159,017 in fiscal year 2008 on public safety expenses.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

Financial Analysis of the Government's Funds

Governmental Activities The focus of Lake Missaukee Area Fire Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Fire Department's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund – At the end of the current fiscal year, Lake Missaukee Area Fire Authority's general fund reported an ending fund balance of \$28,458. All of this amount constitutes unreserved fund balance. The fund balance of the Fire Department's general fund decreased by (\$10,897) during the current fiscal year.

Improvement Revolving Fund – At the end of the current fiscal year, Lake Missaukee Area Fire Authority's Improvement Revolving Fund reported an ending fund balance of \$59,559. All of this amount constitutes unreserved but designated fund balance. The fund balance of the Fire Department's Improvement Revolving Fund increased by \$3,428 during the current fiscal year.

Capital Assets and Debt Administration

Capital Assets. The Fire Department's investment in capital assets for governmental activities as of March 31, 2008 amounted to \$452,126 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$3,000 individually, plus all land. A summary of capital asset categories is illustrated below:

Lake Missaukee Area Fire Authority
Capital Assets as of March 31,

	<u>2008</u>	<u>2007</u>
Land	\$ 8,680	\$ 8,680
Buildings	342,495	342,495
Equipment	<u>1,091,187</u>	<u>1,081,441</u>
	1,442,362	1,432,616
Less Accumulated Depreciation	<u>(990,236)</u>	<u>(936,615)</u>
Net Capital Assets	<u><u>\$ 452,126</u></u>	<u><u>\$ 496,001</u></u>

Long-Term Debt. As of March 31, 2008, the Fire Department had a loan payable of \$31,958 to Chemical Bank West for the purchase of a fire truck.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2008

Economic Condition and Outlook

The Fire Department is expected to be supported by the City and Townships in the future.

This factor was considered in preparing the Fire Department's budgets for the 2008-09 fiscal year.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Fire Department's finances and to demonstrate the Fire Department's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Lake Missaukee Area Fire Authority at P.O. Box 803, Lake City, Michigan 49651.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 89,753
Accounts Receivable	1,960
	<hr/>
Total Current Assets	91,713
	<hr/>
<u>CAPITAL ASSETS</u>	
Land	8,680
Buildings	342,495
Equipment	1,091,187
	<hr/>
	1,442,362
Less Accumulated Depreciation	(990,236)
	<hr/>
Total Capital Assets	452,126
	<hr/>
TOTAL ASSETS	\$ 543,839
	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 1,752
Payroll Liabilities	1,944
Current Portion of Non-Current Liabilities	20,578
	<hr/>
Total Current Liabilities	24,274
	<hr/>
<u>NON-CURRENT LIABILITIES</u>	
Loan Payable	31,958
Less Current Portion of Non-Current Liabilities	(20,578)
	<hr/>
Total Long-Term Liabilities	11,380
	<hr/>
Total Liabilities	35,654
	<hr/>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	420,168
Unrestricted	88,017
	<hr/>
Total Net Assets	508,185
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 543,839
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

					NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS
		PROGRAM REVENUES			
		CHARGES FOR	OPERATING	CAPITAL	
FUNCTIONS/PROGRAMS	EXPENSES	SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	TOTALS
<hr/>					
PRIMARY GOVERNMENT					
<u>GOVERNMENTAL ACTIVITIES</u>					
Public Safety	\$ 159,017	\$ 21,400	\$ 108,841	\$ 0	\$ (28,776)
<hr/>					
<u>GENERAL REVENUES</u>					
	Interest Earnings				2,709
	Other				3,600
					<hr/>
	Total General Revenues				6,309
					<hr/>
	Change in Net Assets				(22,467)
	<u>NET ASSETS</u> - Beginning of Year				530,652
					<hr/>
	<u>NET ASSETS</u> - End of Year				\$ 508,185
					<hr/>

The accompanying notes are an integral part of the financial statements.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET
MARCH 31, 2008

	GENERAL FUND	IMPROVEMENT REVOLVING FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 30,194	\$ 59,559	\$ 89,753
Accounts Receivable	1,960	0	1,960
<hr/>			
TOTAL ASSETS	\$ 32,154	\$ 59,559	\$ 91,713
<hr/>			
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,752	\$ 0	\$ 1,752
Payroll Liabilities	1,944	0	1,944
<hr/>			
Total Liabilities	3,696	0	3,696
<hr/>			
<u>FUND BALANCES</u>			
Designated for Fire Authority Improvements	0	59,559	59,559
Undesignated	28,458	0	28,458
<hr/>			
Total Fund Balances	28,458	59,559	88,017
<hr/>			
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,154	\$ 59,559	\$ 91,713

The accompanying notes are an integral part of the financial statements.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
MARCH 31, 2008

Total Fund Balance for Governmental Funds	\$	88,017
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land	\$	8,680	
Buildings		342,495	
Equipment		1,091,187	
Accumulated Depreciation		<u>(990,236)</u>	452,126

Long term liabilities are not due and payable in the current period and
are not reported in the fund.

Bank Loan - Fire Truck		<u>(31,958)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>508,185</u></u>
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The accompanying notes are an integral part of the financial statements.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2008

	GENERAL FUND	IMPROVEMENT REVOLVING FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Local Sources			
Contributions from Local Units	\$ 108,841	\$ 0	\$ 108,841
Charges for Services	21,400	0	21,400
Interest and Rents	89	2,620	2,709
Other Revenue	3,600	0	3,600
	<hr/>	<hr/>	<hr/>
Total Revenues	133,930	2,620	136,550
<u>EXPENDITURES</u>			
Public Safety	128,650	15,369	144,019
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues			
Over Expenditures	5,280	(12,749)	(7,469)
	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In	0	16,177	16,177
Transfer Out	(16,177)	0	(16,177)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(16,177)	16,177	0
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(10,897)	3,428	(7,469)
<u>FUND BALANCES</u> - Beginning of Year	39,355	56,131	95,486
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u> - End of Year	\$ 28,458	\$ 59,559	\$ 88,017
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2008

Net change in Fund Balances Total Governmental Funds	\$ (7,469)
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(53,621)
Capital Outlay	9,746

Repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).	<u>28,877</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (22,467)</u></u>
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The accompanying notes are an integral part of the financial statements.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Lake Missaukee Area Fire Authority is a joint venture volunteer fire authority supported by the City of Lake City and the Townships of Caldwell, Forest, Lake, Pioneer and Reeder. Under the criteria established by accounting principles generally accepted in the United States of America, the Fire Authority has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Fire Authority as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the

LAKE MISSAUKEE AREA FIRE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Contributions from local units and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Fire Authority are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Lake Missaukee Area Fire Authority reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Improvement Revolving Fund* is used to account for the accumulation of funds for the purchase of capital improvements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Fire Authority's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Fire Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

- I. The Fire Authority Board is limited to investments authorized by PA 20 of 1943 and has authorized the Fire Authority Treasurer to invest funds as follows:
- a. In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
 - b. In certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution. Authorized depositories shall be designated by the Lake Missaukee Area Fire Authority Board at the Board's organizational meeting after each regular election of board members.
 - c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
 - d. In repurchase agreements consisting of instruments listed in subdivision (a).
 - e. In bankers' acceptances of United States banks.
 - f. In investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
 - g. In investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for uncollectibles. Fire Authority revenues are recognized when they become both measurable and available for use to finance Fire Authority operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

3. *Inventories and Prepaid Items*

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 (amount not rounded) and an estimated useful life in excess of one year plus all land. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Land improvements	20
Vehicles	10
Equipment	5-10

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on March 13, 2007, or as amended by the Fire Authority Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Fire Authority Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Fire Authority because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The Fire Authority's deposits are all on deposit with Chemical Bank West in Lake City, Michigan.

Investment rate risk. The Fire Authority will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Fire Authority's cash requirement.

Foreign currency risk. The Fire Authority is not authorized to invest in investments, which have this type of risk.

Credit risk. The Fire Authority will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Fire Authority's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Fire Authority will do business in accordance with of the Fire Authority's investment policy.

Concentration of credit risk. The Fire Authority will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Fire Authority's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2008, none of the government's bank balance of \$104,334 was exposed to custodial credit risk because none of it was uninsured or uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Fire Authority's investments are categorized to give an indication of the level of risk assumed by the Fire Authority at year end. Category 1 includes investments that are insured or registered, or securities held by the Fire Authority or the Fire Authority's agent in the Fire Authority's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Fire Authority's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Fire Authority's name. At year end, the Fire Authority held no investments.

B. Receivables

At year end, the Fire Authority had accounts receivable in the amount of \$1,960.

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 8,680	\$ 0	\$ 0	\$ 8,680
Capital assets, being depreciated				
Buildings	342,495	0	0	342,495
Equipment	1,081,441	9,746	0	1,091,187
Total capital assets, being depreciated	1,423,936	9,746	0	1,433,682
Less accumulated depreciation for:				
Buildings	134,045	6,850	0	140,895
Equipment	802,570	46,771	0	849,341
Total accumulated depreciation	936,615	53,621	0	990,236
Total capital assets, being depreciated, net	487,321	(43,875)	0	443,446
Governmental activities capital assets, net	\$ 496,001	\$ (43,875)	\$ 0	\$ 452,126

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Public Safety \$ 53,621

Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2008.

D. Interfund Receivables, Payables and Transfers

There were no interfund receivable or payable balances at March 31, 2008.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

Interfund Transfers as of March 31, 2008 were:

	TRANSFERS	
	IN	OUT
<u>Primary Government</u>		
General Fund	\$ 0	\$ 16,177
Improvement Revolving Fund	16,177	0
	<u>\$ 16,177</u>	<u>\$ 16,177</u>

Transfers are used (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Fund Balance Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, certain portions of unreserved fund balances have been designated for intended future uses. These designations are detailed in the following schedule:

FUND BALANCE

Designated

Improvement Revolving Fund

Fire Authority Improvements

\$ 59,559

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

F. Long-Term Debt

During the year ending March 31, 2005, the Fire Authority obtained a bank loan for the purchase of a new fire truck. The balance at March 31, 2008 was \$31,958 with an interest rate of 3.49%.

A summary of the Long-Term Debt transactions for the Fire Authority for the year ended March 31, 2008 is as follows:

Long-Term Debt at April 1, 2007	\$ 60,835
Additions	0
Deletions	<u>(28,877)</u>
Long-Term Debt at March 31, 2008	\$ 31,958
Less Current Portion	<u>(20,578)</u>
	<u><u>\$ 11,380</u></u>

The annual requirements to amortize all long-term debt outstanding as of March 31, 2008 including interest payments of \$1,537 are as follows:

YEAR ENDING MARCH 31	PRINCIPAL	INTEREST	TOTAL
2009	\$ 20,578	\$ 1,133	\$ 21,711
2010	<u>11,380</u>	<u>404</u>	<u>11,784</u>
	\$ <u>31,958</u>	\$ <u>1,537</u>	\$ <u>33,495</u>

Interest Included as Direct Expense

Interest expense of \$2,123 on long-term debt has been included in the direct expenses of the public safety function on the government-wide statement of activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related.

IV. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters, and worker's compensation claims. The government carries commercial insurance to guard against loss from these risks.

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED MARCH 31, 2008

	General Fund			Improvement Revolving Fund		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>						
Contributions from Local Units	\$ 101,931	\$ 101,931	\$ 108,841	\$ 0	\$ 0	\$ 0
Charges for Services	32,500	32,500	21,400	0	0	0
Interest and Rents	120	120	89	0	0	2,620
Other Revenue	0	0	3,600	0	0	0
Total Revenues	134,551	134,551	133,930	0	0	2,620
<u>EXPENDITURES</u>						
Public Safety	112,770	138,920	128,650	0	0	15,369
Excess (Deficiency) of Revenues Over Expenditures	21,781	(4,369)	5,280	0	0	(12,749)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfer In	0	26,043	0	0	0	16,177
Transfer Out	(13,172)	(13,172)	(16,177)	0	0	0
Total Other Financing Sources (Uses)	(13,172)	12,871	(16,177)	0	0	16,177
Net Change in Fund Balance	8,609	8,502	(10,897)	0	0	3,428
<u>FUND BALANCE</u> - Beginning of Year	70	70	39,355	0	0	56,131
<u>FUND BALANCE</u> - End of Year	\$ 8,679	\$ 8,572	\$ 28,458	\$ 0	\$ 0	\$ 59,559

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

GENERAL FUND

BALANCE SHEET
MARCH 31, 2008

ASSETS

Cash	\$ 30,194
Accounts Receivable	<u>1,960</u>
 TOTAL ASSETS	 <u><u>\$ 32,154</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 1,752
Payroll Liabilities	<u>1,944</u>
 Total Liabilities	 \$ 3,696

FUND BALANCE

Unreserved	<u>28,458</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 32,154</u></u>

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Local Sources		
Contributions from Local Units	\$ 101,931	\$ 108,841
Charges for Services		
Fire Runs	32,500	21,400
Interest and Rents		
Interest Earnings	120	89
Other Revenue		
Contributions	0	3,600
Total Revenues	<u>134,551</u>	<u>133,930</u>
<u>EXPENDITURES</u>		
Public Safety		
Personal Services		
Salaries and Wages	20,695	33,144
Supplies		
Office and Computer Supplies	1,500	1,991
Operating Supplies		
Gas and Oil	2,791	2,989
Maintenance Supplies	10,372	10,612
Other Services and Charges		
Utilities and Telephone	6,500	7,126
Training	2,738	3,834
Repair and Maintenance		
Equipment	2,313	2,432
Building	3,362	2,472
Radio	0	0
Apparatus	6,264	7,588
Audit	2,200	2,100
Gas and Mileage Reimbursements	3,201	8,053
Other Functions		
Insurance and Bonds	13,836	12,778
Employee Benefits	3,500	2,531

LAKE MISSAUKEE AREA FIRE AUTHORITY

LAKE CITY, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>
Capital Outlay		
Equipment	15,672	0
Debt Service		
Principal	28,877	28,877
Interest	2,123	2,123
Total Expenditures	125,944	128,650
Excess (Deficiency) of Revenues Over Expenditures	8,607	5,280
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfer Out		
Improvement Revolving Fund	0	(16,177)
Net Change in Fund Balance	8,607	(10,897)
<u>FUND BALANCE</u> - Beginning of Year	70	39,355
<u>FUND BALANCE</u> - End of Year	\$ 8,677	\$ 28,458

LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

IMPROVEMENT REVOLVING FUND

BALANCE SHEET
MARCH 31, 2008

ASSETS

Cash	<u>\$ 59,559</u>
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LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
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FUND BALANCE

Unreserved

Designated for Fire Authority Improvements	<u>59,559</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 59,559</u>
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LAKE MISSAUKEE AREA FIRE AUTHORITY
LAKE CITY, MICHIGAN

IMPROVEMENT REVOLVING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2008

REVENUES

Local Sources

Interest and Rents

Interest Earnings \$ 2,620

EXPENDITURES

Public Safety

Fire Protection 15,369

Excess (Deficiency) of Revenues Over Expenditures (12,749)

OTHER FINANCING SOURCES (USES)

Transfers In

General Fund 16,177

Net Change in Fund Balance 3,428

FUND BALANCE - Beginning of Year 56,131

FUND BALANCE - End of Year \$ 59,559

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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January 14, 2009

To the Fire Board
Lake Missaukee Area Fire Authority
Missaukee County
Lake City, Michigan

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Lake Missaukee Area Fire Authority, Missaukee County, Lake City, Michigan, as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Lake Missaukee Area Fire Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

1) Lack of Segregation of Duties

The relatively small number of people involved in the accounting functions of the Fire Authority and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements.

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally. As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the deficiency described in (1) above (Lack of Segregation of Duties) constitutes a material weakness.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Baird, Cotter and Bishop, P.C.

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January 14, 2009

To the Fire Board
Lake Missaukee Area Fire Authority
Missaukee County
Lake City, Michigan

We have audited the financial statements of the governmental activities and each major fund of the Lake Missaukee Area Fire Authority for the year ended March 31, 2008, and have issued our report thereon dated January 14, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 22, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Lake Missaukee Area Fire Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Lake Missaukee Area Fire Authority are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. No material misstatements were noted. We did propose several adjusting journal entries that were accepted and recorded by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 14, 2009.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit of the basic financial statements of the Lake Missaukee Are Fire Authority for the year ended March 31, 2008, we noted the following list of items which we feel deserve comment:

Budgeting

Relative to Act 621 of the Public Acts of 1978 the Uniform Accounting and Budgeting Act, the following items were noted:

1. Several items in the Fire Authority's budget exceeded budgeted amounts. The budget should always be amended prior to incurring expenditures in excess of the budgeted amounts. These amendments should be approved by the Board and recorded in the official minutes.
2. The budget did not include the all of the elements required by PA 621 of 1978. These required elements are:
 - a. Actual expenditures for the most recently completed fiscal year;
 - b. Estimated expenditures for the current fiscal year (to be arrived at by using actual expenditures to date and estimating expenditures to the end of the fiscal year);
 - c. An estimate of the expenditures in the next fiscal year;
 - d. Actual revenue for the most recently completed fiscal year;
 - e. Estimated revenue for the current fiscal year (to be arrived at by using actual revenue to date and estimating revenue to the end of the fiscal year);

- f. An estimate of the revenue in the next fiscal year;
 - g. Beginning and ending fund balance for each year;
 - h. An estimate of the amounts needed for deficiency, contingent, or emergency purposes; and
 - i. Other data relating to fiscal conditions that the chief administrative officer considers to be useful in considering the financial needs of the local unit.
3. A budget separate and distinct from the General Fund Budget should be adopted for the Improvement Revolving Fund.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.